

	<p>CONGRESSIONAL PROGRESSIVE CAUCUS CHAIRMAN</p> <h1>Dennis Kucinich</h1> <p>Rep. Barbara Lee, Vice Chair</p> <p>http://progressive.house.gov</p>	
<p>Officers: Sen. Paul Wellstone, Rep. Cynthia McKinney, Rep. Bernie Sanders, Rep. Major Owens</p>		

NEWS UPDATE - February 13, 2001

SPECIAL: Syndicated columnist David Broder writes about how the Progressive Caucus is filling the vacuum in responding to the Bush tax-giveaway-to-the-rich proposal.

In the News...

- **TAXES:** Reuters reports that Congress will officially begin work on the Bush tax giveaway-to-the-rich proposal, as Treasury Secretary Paul O'Neill comes before Congress today. Despite the fact that Bush's plan would be locked in regardless of potential deficits and would give away most benefits to the rich, O'Neill says he sees absolutely "no downside to enacting this tax relief package."
- **TAXES:** The LA Times reports that the battle against the Bush tax plan calls into question just who the Democratic Party represents. Progressive Caucus chairman Rep. Dennis Kucinich says in the article "Everything has changed – Clinton's out, and Democrats don't have the House or Senate. Why are Democrats getting rolled?" The article notes that right now, the only force countering the Bush plan is the Progressive Caucus. The centrist, corporate Democrats meanwhile are "more receptive to the Bush plan" with Sen. Zell Miller (D-GA) signing on as a co-sponsor.
- **CONSUMER SAFETY:** The Washington Post reports that an internal FDA study reveals that consumers overwhelmingly support "mandatory labeling of genetically engineered foods." The article notes that Progressive Caucus Chairman Kucinich is leading the effort pass a labeling bill.
- **CORPORATE POWER:** The Wall Street Journal reports that the appointment of Charles James as antitrust chief at the Justice Department will mean "mergers will get less scrutiny because Mr. James may be more likely to accept arguments that corporate mergers bring economic efficiencies." In the interview with the Journal, "James sketched a limited role for antitrust enforcement."
- **ENVIRONMENT:** Reuters reports there will be a Senate filibuster if the GOP tries to allow drilling in the Arctic National Wildlife Refuge in Alaska.
- **CORPORATE RESPONSIBILITY:** The Associated Press reports that the Kentucky Legislature is considering a bill to "require companies to disclose how many jobs would be created, wages and health benefits and their environmental/worker-safety records" in order to receive state tax breaks."

From the Editorial Pages...

- **ECONOMIST JAMES GALBRAITH** writes that while tax cuts might be a good way to spur the economy, President Bush's tax plan will not accomplish that goal because it gives most money to the very wealthy. As Galbraith writes, "cutting income tax rates mainly benefits wealthy Americans, whose spending is not limited by income and so won't increase much when tax rates fall."
- **SANDY BERGER**, former National Security Advisor, writes for the Washington Post that he believes "it would be a mistake to proceed pell-mell with missile defense deployment as though all legitimate questions about the system had been answered. They have not."
- **SYNDICATED COLUMNIST** Matt Miller writes that the GOP must not increase defense spending at the peril of other needs. As he writes "Bush and his team seize this chance to rethink the military's outdated mission, they'll find ways both to save money and to better protect the nation."

Quotes of the Day...

"Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed."

– Dwight Eisenhower, quoted in a story chastising the GOP for increasing defense spending (Tribune, 2/13)

"No one knows how big it is."

- GOP Whip Tom DeLay, when asked to quell speculation that the GOP tax cut is much bigger than it says (CNN 2/12)

SPECIAL: David Broder on the Progressive Caucus Tax Proposal

CUT WITH CAUTION

By David S. Broder
Washington Post

According to a poll in the current issue of Newsweek, 67 percent of Americans favor President Bush's proposed \$1.6 trillion tax cut, but a nearly identical 65 percent say it is more important that the projected budget surpluses be used to reduce the national debt.

Politicians in Washington can choose to cite the poll findings as further proof that voters want to have their cake and eat it too. Or they can credit their constituents with common sense and fashion the tax cut in ways that ensure continued progress in paying down the debt.

Bush claims to do both -- but his proposal leaves the debt reduction largely to chance. Its official \$1.6 trillion, 10-year cost does not include the additional billions that would be entailed in his suggestion that the cuts be made retroactive to Jan. 1, or the billions of additional interest that would have to be paid on the higher debt that would remain if revenues are reduced. By some calculations, the Bush plan would consume the entire projected non-Social Security surplus, thus slashing the promised debt reduction.

There is a better, safer, more prudent way. It is to give people a tax cut now, from the surpluses that are actually in the Treasury, but to trigger additional tax cuts over the coming decade only if agreed-upon debt reduction targets are met. It looks as if that "prudence policy" can prevail, if the politicians who support it don't lose their nerve or fall victim to partisan quarrels among themselves.

They find their rallying point in a section of Federal Reserve Chairman Alan Greenspan's testimony to Congress last month. The headlines went to Greenspan's declaration that current surpluses are large enough to permit a significant tax cut -- an important green light from a notably cautious guardian of fiscal integrity.

But Greenspan also said, "It is important that any long-term tax plan, or spending initiative for that matter, be phased in. Conceivably, [it] could include provisions that, in some way, would limit surplus-reducing actions if specified targets for the budget surplus and federal debt were not satisfied."

Picking up on that hint, three moderate Democratic senators, Evan Bayh of Indiana, Mary Landrieu of Louisiana and Dianne Feinstein of California, have sent Bush a letter saying that "in our view, such a 'trigger' mechanism offers a safety valve to protect against what many senators fear: a return to deficits should economic conditions -- and budget estimates -- change in the years ahead."

Were they the only signatories, it would be interesting but not significant. But two Republican senators, Arlen Specter of Pennsylvania and Lincoln Chafee of Rhode Island, also signed on to the letter. Independently, Sens. Olympia Snowe of Maine and George Voinovich of Ohio, both Republicans, have urged the president and senior administration officials to get behind the Greenspan idea for conditional, phased-in or triggered tax cuts in future years.

That means there is a potential majority in the 50-50 Senate for this proposal. The House outlook is less certain, but Democrats on that side of the Capitol are showing some backbone -- and a degree of cohesion -- in their response to the Bush proposal.

Minority Leader Dick Gephardt of Missouri told me he was surprised -- and heartened -- by the embrace members of his caucus gave to former Treasury secretary Robert Rubin's late-January speech at the House Democratic retreat, where Rubin warned of the risks the Bush proposal raised to the hard-won fiscal discipline of the past eight years. Rather than telling Rubin how tough it would be politically to oppose the Bush plan, Gephardt said, members urged him to go public with his message and help rally voter opposition.

Within the Democratic caucus, both liberals and conservatives are finding reason to question Bush's plan. Conservative "Blue Dogs" are fearful it will endanger the balanced budgets for which they fought so long and hard. The "Progressive Caucus," made up of about five dozen liberals, is pushing a proposal that would declare an annual "dividend" of \$300 for every man, woman and child, but only as long as surplus targets are met and debt-reduction continues.

Other "rebate" plans are also circulating, with almost all of them providing proportionally greater relief to working-class families than the Bush plan, which is estimated to give almost 40 percent of the dollar benefits to the top 1 percent of taxpayers. Some Democrats are arguing for structuring tax relief in the form of credits against Social

Security FICA taxes, a heavier burden for most working families than their income tax bills.

The debate is just beginning, but the good news is that, unlike in 1981 -- when congressional Democrats swooned over Ronald Reagan's tax cuts -- the skeptics have not been silenced and are making their arguments heard.

In the News on February 13, 2001

CONGRESS TO BEGIN WORK ON BUSH TAX CUT PLAN

Reuters

WASHINGTON (Reuters) - Treasury Secretary Paul O'Neill will urge Congress on Tuesday to enact President George W. Bush (news - web sites)'s \$1.6 trillion tax cut as lawmakers begin work on the proposal the White House says will revitalize a slowing U.S. economy.

In his first appearance before Congress as the full-fledged Treasury chief, O'Neill will go before the tax-writing House Ways and Means Committee to explain Bush's package and defend it against Democratic critics who say it is too big, favors the rich and will throw the federal budget back into the red.

While opposition Democrats focus on whether such a sweeping tax cut is needed, Ways and Means Committee Chairman Bill Thomas plans to focus on how to speed up congressional passage.

"If a tax cut is to give any boost to our economy, we must act quickly," Thomas said in a statement. "Many people in America are starting to feel real economic strains with layoffs, higher heating bills and erosion of consumer confidence. It's time to work quickly to help the American people through these uncertain economic times."

The California Republican has said he wants the panel to move first on elements of the proposed 10-year package that will give the economy a quick jolt and possibly make some rate reductions retroactive to Jan. 1, 2001.

Bush submitted an outline of his plan to Congress last week. It was essentially the same as his campaign proposal calling for across-the-board rate cuts, eliminating estate taxes, easing the marriage penalty on working couples and doubling the child credit to \$1,000 from \$500.

Republicans Say Tax Cut Justified

Republicans argue the tax cut is justified in the face of a slowing economy and estimates of budget surpluses over the next 10 years totaling \$5.6 trillion, including Social Security trust fund revenues.

"There is no downside to enacting this tax relief package," O'Neill said as he delivered Bush's plan to Congress last week. "Today, Washington takes more from American taxpayers than it needs to run the government. That's not fair. And it isn't useful to pile up resources in Washington, where they will be spent to enlarge government."

But Democrats argue that the surplus estimates are just that -- estimates that may or may not materialize depending on how fast the economy expands and the accuracy of other economic assumptions, including continued robust growth in worker productivity.

Former Treasury Secretary Robert Rubin said in a weekend newspaper column that Bush's proposed tax cut was a "serious error in economic policy" that would create a "serious threat of deficits."

Democrats are working on what they say will be a more sensible alternative, about half the size of Bush's plan, that would target more of the relief to middle-class and lower-income families.

Ranking Ways and Means member Rep. Charles Rangel (news - bio - voting record) and other Democrats are likely to grill O'Neill on how the tax cut will fit within a budget that Bush has promised will also include increases for defense, education and a new prescription drug benefit for the elderly without dipping into Social Security and Medicare trust fund money.

Democratic committee spokesman Dan Maffei said Democrats wanted to make sure the administration was not using "fuzzy math" to justify the tax cut.

Democrats will also want to ask O'Neill if the administration will hold the line on the size of the package amid calls by conservative Republicans for more generous tax cuts topping \$2 trillion that would include a capital gains tax reduction on the sale of stocks and other investments.

Tax Plan a Reality Check for Democrats

Los Angeles Times

WASHINGTON -- Less than a month into President Bush's administration, congressional Democrats are engaged in a soul-searching hunt for an opposition strategy--one that not only would guide them through upcoming debates on tax and budget policy but also help redefine their party in the post-Clinton era.

All this is being hashed out by Democratic lawmakers in a frenzy of party retreats, brainstorming sessions, caucus meetings and late-night arguments among various factions about how best to deal with Bush from their new position of weakness. The process is unnerving to some Democrats, who are just beginning to come to terms with the fact that they no longer have a leader in the White House to unify the party, amplify its message and focus its attention.

"We're making it up as we go along," one Democratic strategist said.

The political juggernaut propelling the \$1.6-trillion, 10-year tax cut plan that Bush formally unveiled last week poses a particularly tough challenge for Democrats. They are struggling to find a way to fight the proposal without seeming unalterably opposed to lessening the public's tax bill.

"Democrats want an immediate, significant tax cut for all Americans, but we want to cut taxes responsibly," Sen. Kent Conrad (D-N.D.) said Saturday in the Democrats' weekly radio address. "America simply cannot afford the Bush tax plan."

This debate is forcing Democrats to face the cold, hard reality that they have less legislative clout than at any time since the early 1950s. With Republicans in control of the House, the Senate and the White House, Democrats essentially have conceded that a big tax cut will pass this year.

"I do not believe there is a prayer of stopping this," said Rep. David R. Obey (D-Wis.).

Democrats still hope to scale back the final cut, reshape it or at least keep it from growing, with arguments that the Bush proposal is too big, too risky, too skewed to the rich. That much is familiar party orthodoxy that most Democrats have quickly rallied around.

But party leaders have yet to find an alternative that can unite their rank and file. As a result, a thousand flowers have bloomed in the Democratic garden of tax cutting schemes. Some want to cut payroll taxes, others call for reducing rates in the lowest income tax bracket. Still others want to send a lump sum rebate to all taxpayers, while a few want to go along with Bush.

Party Still Stunned at Turn of Events

It adds up to a scattered Democratic response that some think has been too cautious.

"They are having difficulty recalibrating their strategy to the new situation," said Ruy Teixeira, a liberal political analyst at the nonpartisan Century Foundation. "That's making them substantially more timid than they need to be."

The weeks following Bush's inauguration have been a time of enormous tumult and transition for the entire capital--but especially so for the Democrats. Many remain shellshocked or resentful that Bush, rather than Al Gore, was sworn in as president. Some are seething over the messy, scandal-scarred way that President Clinton left office. House Democrats are still stewing over their failure to win control of the chamber. Senate Democrats are grappling with the novel dynamics of working in a chamber evenly divided between the parties.

"Everything's changed," said Rep. Dennis J. Kucinich (D-Ohio). "Clinton's out. Democrats don't have the House or Senate. Why are Democrats getting rolled? That's the sense that's out there right now."

The party is struggling to adjust in ways large and small. Democrats on the House Ways and Means Committee, still accustomed to getting Clinton administration input, invited two former Treasury secretaries--Robert E. Rubin and Lawrence Summers--to a recent meeting to plot strategy for responding to Bush's tax cut.

With no White House to spotlight party ideas, Democratic leaders are resorting to more gimmicks to get attention: They drove a luxury car onto a Senate plaza Thursday to illustrate their argument that the Bush tax cut would give rich people enough money to buy a Lexus and middle-class people only enough for a new muffler.

As the Democrats cast about, the larger questions raised by their predicament are who will lead the party and in what

direction? Many assumed that they would look to Clinton for continued leadership, but he has been occupied with trying to defuse lingering controversies, most prominently his last-minute pardons.

Meanwhile, party members mull over whether their most promising political path would be to hew to the centrist course set by Clinton or veer back to the left. There is already evidence of jockeying between those poles.

On taxes, even as Democratic leaders sought to build a consensus behind an alternative tax cut, the Congressional Progressive Caucus--a band of liberal Democrats chaired by Kucinich--came out with its own plan to provide a \$300 rebate to every man, woman and child in America.

"Some progressives are concerned that a Democratic proposal may not be progressive enough," said Paul Farrell, spokesman for Sen. Paul Wellstone (D-Minn.), a leading liberal.

Centrist Democrats, meanwhile, are more receptive to Bush's tax cut. Sen. Zell Miller of Georgia is a co-sponsor. Rep. James P. Moran of Virginia, co-chairman of the New Democratic Coalition, backs a bill that would provide the full Bush tax cut but allow it to be fully implemented only if projected budget surpluses actually become reality.

Without a Democrat in the White House, the job of building party consensus has fallen to congressional leaders. Senate Minority Leader Tom Daschle of South Dakota is arguably Washington's most powerful Democrat, given the Senate's 50-50 split. But Daschle is an unassuming, low-key lawmaker who is considered more skilled behind the scenes than in front of a microphone. House Minority Leader Richard A. Gephardt (D-Mo.) has a higher national profile and a more assertive public style. But he has less legislative power because House rules more strictly limit the role of the minority party.

Taxes a Major Part of Forging New Identity

On the policy front, every issue presents Democrats with a core question: how confrontational or cooperative to be with Bush. When the president sent his Cabinet nominations to the Senate, Democrats launched a spirited fight against attorney general nominee John Ashcroft. But when Bush unveiled his education initiative, even liberal Democrats struck a conciliatory pose. Sen. Edward M. Kennedy of Massachusetts personified the party's split personality: He led the charge against Ashcroft but effusively praised Bush's education plan.

The tax issue looms as the major opportunity and challenge for Democrats in defining a new identity. The Democrats' first line of attack has been to try to shift the focus to a broader budget debate--to ask how much surplus will be left for other priorities, such as reforming Medicare and Social Security, if Bush's proposal is enacted.

But the strategy for Democrats is complicated by their bid to counter impressions that they simply oppose cutting taxes--an image many within the party believe has cost them politically. Indeed, many Democrats take pains to insist that they support cutting taxes, that they just want a lesser reduction than Bush seeks.

Exactly where they will draw the line is not yet clear. Democratic leaders are trying to build support for a plan that would devote one-third of the projected surplus to tax cuts, one-third to spending and one-third to reducing the national debt. That would mean a tax cut of about \$750 billion over 10 years.

Even that is too big for some Democrats. A group of conservative House Democrats called Blue Dogs wants to use only one-quarter of the surplus for tax cuts, allowing more emphasis on debt reduction. Other Democrats have warned that the surplus projections are so shaky that even the smaller tax cut pushed by party leaders may be too much.

Another aim of the leadership's plan is to target more tax relief for middle-income taxpayers than would result from Bush's measure. Democrats say the most likely alternative would be to cut the income tax rate on only the lowest income bracket. Others are arguing for some relief in payroll taxes--but that has the political disadvantage of doing nothing for seniors and the unemployed.

Either way, these proposals mark a striking departure from the party's position on taxes last year, when the Democrats backed Clinton in insisting that cuts be narrowly targeted to accomplish specific goals, such as subsidizing education savings.

For Democrats, Power Loss Is 'Liberating'

Gephardt said the new support among Democrats for broad-based tax cuts has been prompted by the flagging economy and growing estimates of budget surpluses.

But the shift also is driven, in part, by Clinton's departure. He and Gore built their tax agenda around targeted tax cuts, and congressional Democrats followed. In retrospect, some believe the strategy hurt the party among voters--and they

don't want that to happen again. At the least, a Republican in the White House gives them clearance to pursue new strategies.

"It's liberating," said Laura Nichols, Gephardt's spokeswoman. "We're free now to come up with new ideas."

CONSUMERS WANT ENGINEERED FOOD LABELED

Washington Post

Consumers want mandatory labeling of genetically engineered foods and feel "outrage" when they learn how many supermarket products already are produced through biotechnology, according to a Food and Drug Administration report.

The internal report, which was commissioned by the agency to gauge sentiment about its proposals for voluntary labeling, said that consumers are concerned about possible long-term environmental and health effects of genetically modified foods.

"Virtually all participants said that bioengineered foods should be labeled as such so that they could tell whether a given food was a product of the new technology," said the report, which is based on focus groups conducted last year. "They thought it would allow them to make more informed decisions about whether or not to buy a product."

The labeling of products made through bioengineering has become a contentious issue, with activists arguing that consumers need and deserve the information. Sen. Barbara Boxer (D-Calif.) and Rep. Dennis J. Kucinich (D-Ohio) have introduced bills to make labeling mandatory, a step already taken by the European Union and some Asian nations. The biotechnology industry has opposed mandatory labeling in the United States, saying that it would unfairly stigmatize products already determined to be safe.

Joseph A. Levitt, director of the FDA's Center for Food Safety and Applied Nutrition, said the focus group report showed that food biotechnology is a hot-button issue for many consumers, and that they want more information about it. But he said the FDA did not consider mandatory labeling to be scientifically necessary or legally possible. The agency concluded in 1992 that genetically engineered foods are substantially equivalent to conventional products.

"Companies are going to be pushed by customers to put labeling on their products," Levitt said. "Our job here is to determine what information would be educational without being misleading."

The FDA conducted its 12 focus groups in four different cities in the spring. The report, which had not been made public previously, was released by Richard Caplan of U.S. Public Interest Research Group, a consumer watchdog group.

Caplan criticized the FDA for seeking out public opinion about food biotechnology, but being unwilling to act on the results. He said the report "severely undercuts the FDA public position on labeling of [engineered] foods."

"There is overwhelming public support in favor of mandatory labeling, and the agency knows that," he said. "Whether the concerns are environmental or health-related, ethical or religious, people want to know when biotechnology is being used in their food."

The Grocery Manufacturers of America, which represents many food producers, said that its research similarly showed that people will say that they want more information about biotechnology on food labels. But spokesman Gene Grabowski said that follow-up research found that customers want more information about many subjects, and had no particularly great interest in biotechnology.

"You ask people if they want to know whether a tomato has been hand-picked or machine-picked, and they'll tell you they do," he said. "We see biotech food labeling in the same way." He said that after researchers spent 60 to 90 seconds explaining to people that the FDA did not consider genetically engineered foods to be different from conventional foods, the number who wanted mandatory labeling declined substantially.

In the focus group report, consumers voiced great surprise and concern over the way that bioengineered foods have been introduced, and how widely they are now used.

"The typical reaction of participants was not one of great concern about the immediate health and safety effects of unknowingly eating bioengineered foods, but rather outrage that such a change in the food supply could happen without them knowing about it," the report said.

LIKELY ANTITRUST CHIEF TAKES A CAUTIOUS PATH

Wall Street Journal

WASHINGTON -- President Bush's likely nomination of Charles James as the Justice Department's antitrust chief turns back the clock on antitrust enforcement 10 years -- to when he last held the job.

Mr. James served as acting assistant attorney general for antitrust in 1992, the final year of the first Bush administration. Former colleagues describe him as a conservative and cautious trustbuster who won't push the envelope in antitrust law.

"He's going to call it right down the middle," said James Rill, who preceded Mr. James as antitrust chief in 1992.

But "where the middle is depends on where you sit," said Christine Varney, who served on the Federal Trade Commission during the Clinton administration. "Some mergers will get less scrutiny" because Mr. James may be more likely to accept arguments that corporate mergers may bring economic efficiencies, she said.

In the government's landmark antitrust case against Microsoft Corp., Mr. James seems unlikely to press for a breakup.

"One thing that is very, very clear is that consumers have benefited by there being a common [software] platform," Mr. James said in an interview on CNBC last year. "If Microsoft were to be broken up, you would see divergence of that common platform." He went on to say that "at the end of the day, there are going to be conduct remedies" that would fall short of a breakup.

Microsoft appealed the breakup order and is scheduled to argue its case beginning Feb. 26 before a seven-judge appellate panel here. In the CNBC interview last April, Mr. James predicted that on appeal, the breakup order "may be substantially cut back."

Mr. James, 46 years old, heads the antitrust practice at the law firm of Jones, Day Reavis & Pogue here. If appointed by the White House and confirmed by the Senate, he will quickly face decisions on a number of controversial antitrust cases filed by the Clinton administration, including Microsoft and the pending predatory-pricing lawsuit against AMR Corp.'s American Airlines.

Mr. James is unlikely to take action on the Microsoft case until after the appeals-court ruling, expected by June, people close to administration deliberations have said. But his comments last year suggest he may be open to a settlement, depending on how the court rules; Attorney General John Ashcroft declined to comment on the case Monday.

Mr. James won't get involved, though, in another major issue that the Justice Department must face: whether to approve United Air Lines Corp.'s pending merger with US Airways Group Inc.

Mr. James is expected to recuse himself from the merger review because he has been representing one of the parties in the proposed transaction, Robert Johnson, who formed DC Air and proposed to buy some US Airways assets to ease antitrust concerns. He would also recuse himself on anything involving fast-growing wireless concern Nextel Communications Inc., another major client.

In an interview with The Wall Street Journal last week, Mr. James sketched a limited role for antitrust enforcement focused on aggressively pursuing price-fixing cases and reviewing corporate mergers according to cautious, consistent guidelines that he helped draft during the first Bush administration. "This is law enforcement, and the rules are set by the courts and Congress," he said. "You can't just make these things up as you go along."

In addition to his work on the merger guidelines, Mr. James settled the Justice Department's Treasury-securities case against Salomon Inc., in which the firm agreed to pay nearly \$300 million in fines and forfeitures. He also worked on the first international agreements on antitrust cooperation and on the federal case against alleged collusion in financial-aid awards by Ivy League universities.

In the interview last week, Mr. James found considerable common ground with antitrust enforcers in the years since his earlier tenure at the Justice Department. But he cited two general areas of divergence, in the role of antitrust enforcement in vertical transactions, such as the AOL Time Warner Inc. merger, and the tension between antitrust and intellectual-property rights.

FILIBUSTER VOWED IF BUSH SEEKS ARCTIC OIL DRILLING

Reuters

WASHINGTON, Feb. 12 — Senator John Kerry of Massachusetts threatened today to block any legislative plan from President Bush for opening the Arctic National Wildlife Refuge in Alaska to oil drilling, saying such activity in the pristine wilderness was wrongheaded.

"Most senators agree that drilling in A.N.W.R. is not just environmentally unsound, it gives false hopes to citizens suffering energy problems today," said Mr. Kerry, a Democrat.

"We need to make it clear to President Bush that this approach to energy policy is unacceptable, and that is why I will, if necessary, filibuster any attempt to open A.N.W.R. to this kind of exploitation," he said.

A senator can challenge legislation by staging a filibuster, a maneuver to block action on an item by controlling the Senate floor for an unlimited time. A filibuster can be ended through legislative agreement, or by invoking cloture, which requires 60 votes. The Senate is evenly split, with 50 Republicans and 50 Democrats.

Mr. Kerry called President Bush's effort to link oil exploration in the refuge to the current electricity supply shortage in California "muddled at best and cynical at worst."

Senate Republicans plan to introduce a national energy bill within weeks, encompassing the Bush administration's goal of increasing domestic energy supplies. The bill would open the coastal plain of the refuge to oil and natural gas drilling. Mr. Bush contends that advanced technology means the drilling would have little, if any, effect on the caribou, polar bears and other wildlife that live there.

Environmental groups have vowed to fight any move to open the Alaskan refuge to oil drilling.

BILL PROPOSES DISCLOSURES ON FIRMS SEEKING TAX CREDITS

Associated Press

FRANKFORT, Ky. -- Labor and social-advocacy groups promoted legislation yesterday to shed light on companies seeking state tax incentives and monitor whether they keep their promises.

The bill would require companies to disclose how many jobs would be created, wages and health benefits, and their environmental and worker-safety records as part of their applications for state tax breaks.

"The bill is intended to encourage good companies to pay living wages, to respect workers, to provide worker benefits and to have good environmental records," said Rep. Jim Wayne, a Louisville Democrat and the bill's lead sponsor.

Companies would give yearly updates as long as they receive state tax credits to ensure they are abiding by promises about creating jobs and how they treat workers and the environment.

The bill is a scaled-down version of legislation that stalled in a House committee during the 2000 General Assembly. The latest bill would not require companies to meet wage standards to be eligible for tax incentives and would not strip tax breaks from companies failing to match promises. Last year's bill had such provisions.

A spokesman for the state Economic Development Cabinet said it already discloses information about the awarding of tax incentives and monitors the performance of companies.

The cabinet is sometimes limited in what it can release about a company because information can be proprietary, Gene Fuqua, the cabinet's executive administrator, said in an interview.

Fuqua said the cabinet needed to review the bill before taking a position. Last year's version drew opposition from the cabinet.

The bill has two powerful co-sponsors, House Majority Floor Leader Greg Stumbo and House Speaker Pro Tem Larry Clark. The bill also is supported by a coalition that includes the Kentucky AFL-CIO, Kentuckians for the Commonwealth and the Democracy Resource Center.

Jason Bailey of the Democracy Resource Center said such disclosures would guard against the state's making closed-

door deals to attract companies that provide low-wage jobs.

The bill's supporters said applications for tax incentives are not currently made public. The only information released is the promised number of created jobs, the amount of incentives awarded and the average wage of jobs created, they said. The average wage figure can be misleading, though, because it can lump highly paid managers brought in from outside Kentucky with the lowest-paid local workers, they said.

On the Editorial Pages on February 13, 2001

WHY BUSH'S TAX PLAN NEEDS CUTS OF ITS OWN

BY JAMES K. GALBRAITH

As a Democrat, it pains me to say this, but George Bush and Dick Cheney are speaking plain common sense when they say the coming tax cut should be designed and timed to stimulate the economy this year.

We are in a slowdown. Growth has nearly stopped. Unemployment is already rising. The "New Economy" is in a shambles. And the great gains of the 1990s -- shared prosperity, expanded homeownership, full employment -- are at risk. We need a bold policy to address those problems, one that includes further interest-rate cuts, new public initiatives (for instance, in education), and tax cuts.

Now we get to the hard part: What tax cuts? For whom? And on what schedule?

Those are tough questions, especially for Bush. His tax plan was designed more than a year ago, when he was wooing the anti-tax faction of rich Republicans and when our economy seemed to be growing surpluses world without end. (The Office of Management and Budget and the Congressional Budget Office are still projecting huge surpluses, but they haven't taken the recent slowdown into account.)

Given the drastic change in circumstances since last year, a tax cut to help the economy must be designed in a different way. Let's take up the pieces now before Congress:

"Across the board" income-tax cuts. The Bush proposal features big reductions in marginal income-tax rates, phased in over several years. This is a poor way to boost spending now, when it's needed. Cutting income-tax rates mainly benefits wealthy Americans, whose spending is not limited by income and so won't increase much when tax rates fall. And reducing income-tax rates on a phased schedule delays even those effects far into the future.

Repeal of the estate tax. The estate tax is fairly small: Bush's phase-out proposal would cost the government an average of \$26 billion per year over the first decade. But the estate tax strongly encourages the wealthiest Americans (just 2,000 estates pay half of it) to recycle their wealth to universities, hospitals, churches and charitable foundations. A repeal would encourage hoarding and discourage philanthropy -- exactly the opposite of what our economy needs.

Reducing capital-gains tax rates. This proposal, advanced by Senate Majority Leader Trent Lott but not yet endorsed by Bush, is actually dangerous. Blue-chip stock valuations are still quite high and are strongly influenced by the tax structure. If you reduce capital-gains taxes, many people with large past gains will sell. The result? A slumping stock market and, consequently, a drop in business investment. Not what the doctor ordered, by any means.

So, what can we do?

Here's what the tax-cut package could, instead, consist of:

A one-time rebate. An effective way to stimulate incomes and spending immediately would be to send the American taxpayers a dividend -- say \$500 per person on average. This is so simple, in fact, it would not require changing the tax code at all.

Expand the earned-income tax credit. This credit gives a tax rebate to low-income working Americans; it will rise automatically as their incomes fall in a slump, which is good. Expanding eligibility for the credit would be even better, putting cash into the pockets of people whose spending is tied closely to what they earn.

Cut the payroll-tax rate temporarily. Social Security is now running a surplus of about \$150 billion. Though long-term surpluses are needed, cutting the payroll tax that funds Social Security would put the savings into the hands of working families right away. Phase out the cut over two or three years, and the effects on the Social Security trust fund would be minor, because the stronger economy that should result would help make up for the revenue loss.

Re-enact general-revenue sharing. Thirty years ago, a Republican president, Richard Nixon, started a program to share federal funds with states and localities, permitting them to cut their sales and property taxes (or expand spending, if they chose). This was good policy then (though liberals and conservatives together eventually killed it off). It would be even better today, when the bite of sales and property taxes is high and rising on many American households. Who couldn't use sales- and property-tax relief?

Business-tax cuts. If the previous four measures aren't enough, Congress could then look at accelerated depreciation and other business-tax changes. These, too, should be temporary to encourage increased investment spending this year and next. Building permanent reductions into the tax code (or still worse, phasing them in) would encourage businesses to wait out the slump, making the slowdown worse.

Bush and Cheney have rightly called for tax action to save our slumping economy. Congress should respond with the right actions: measures that help working American families this year, that provide relief to state and local taxpayers, that encourage business investment, that are large enough to have an immediate effect -- and that are phased down to protect our economy and treasury once the danger passes.

Bush's \$1.6 trillion cut will not accomplish these goals. It could lead us back to the conditions of the early 1980s, when recession and big tax cuts combined to produce enormous deficits -- a problem that took a decade to repair.

Under a tax-cut plan that takes immediate steps to save the economy, America's wealthiest wouldn't get all they might want. My fellow Democrats wouldn't either: An economic rebound will surely mean Bush goes up in the polls. But so far, the president seems disinclined to implement such a plan. One is left to fear that his real agenda remains the one with which he started more than a year ago: to cut taxes for the wealthy.

If that's right, we will all suffer in the economic debacle just ahead.

IS THIS SHIELD NECESSARY?

By Samuel R. Berger

In the first weeks of the Bush administration, national missile defense has risen to the top of the national security agenda. Having wrestled with this issue over the last years of the Clinton administration, I believe it would be a mistake to proceed pell-mell with missile defense deployment as though all legitimate questions about the system had been answered. They have not.

While the United States maintains strength unmatched in the world, the vulnerability of the American people to attack here at home by weapons of mass destruction is greater than ever. Dealing with our vulnerability to chemical, biological and nuclear weapons requires an ambitious, robust, comprehensive strategy.

But 20 years and tens of billions of dollars later, national missile defense is still a question-ridden response to the least likely of the threats posed by these weapons: a long-range ballistic missile launched by an outlaw nation.

President Clinton last year decided to continue research and development of national missile defense, but deferred a decision on deployment. In part, this was based on a judgment that we do not yet know whether it will work reliably. The Bush administration should reject arbitrary deadlines and, as part of Secretary Rumsfeld's laudable defense review, take a fresh look at the overall threat we face.

Without question we need to broaden America's defenses against weapons of mass destruction. But plunging ahead with missile defense deployment before critical questions are answered is looking through the telescope from the wrong end: from the perspective of bureaucratically driven technology rather than that of the greatest vulnerabilities of the American people.

President Reagan's global shield (SDI) has evolved into a more limited system aimed at defeating long-range missiles launched not by a major nuclear rival but by an irrational leader of a hostile nation, particularly North Korea, Iraq or Iran. Its premise is that an aggressive tyrant such as Saddam Hussein is less likely to be deterred than were the leaders of the Soviet Union by the prospect that an attack on us or our friends would provoke devastating retaliation.

It is further suggested that lack of a defense could intimidate U.S. leadership: We might have hesitated to liberate Kuwait if we knew Saddam could have delivered a chemical, biological or nuclear weapon to the United States with a long-range ballistic missile.

But why do we believe Saddam or his malevolent counterparts would be less susceptible to deterrence than Stalin or his successors? Indeed, dictators such as Saddam tend to stay in power so long because of their obsession with self-protection. And is it likely we would not use every means at our disposal to respond to a vital threat to our economic lifeline, even if it meant preemptively taking out any long-range missiles the other side might have?

The fact is that a far greater threat to the American people is the delivery of weapons of mass destruction by means far less sophisticated than an ICBM: a ship, plane or suitcase. The tragedies of the USS Cole and sarin gas in the Tokyo subway show that lethal power does not need to ride on a long-range missile.

We know that we increasingly are the target of a widespread network of anti-American terrorists. We know they are seeking to obtain weapons of mass destruction. If deterrence arguably doesn't work against hostile nations, it is even less so for fanatical terrorists with no clear home address.

The real issue is what is the most cost-effective way to spend an additional 100 billion or more defense dollars to protect this country from the greatest WMD threats. In that broader context, is national missile defense our first priority?

Is it wiser to continue research and development and explore alternative technologies while we invest in substantially intensifying the broad-scale, long-term effort against terrorist enemies? (Such an effort would include increased intelligence resources, heightened border security, even training of local police and public health officials to recognize a deadly biological agent.)

The ultimate question is whether Americans will be more secure with or without a national missile defense. The answer is not self-evident. We can't build the system that is farthest along in development -- a land-based one -- without cooperation from our allies.

Their misgivings derive in significant part from the prospect of abrogating the Anti-Ballistic Missile Treaty with Russia; that could unravel the global arms control and nonproliferation system.

It has been suggested that we could address Europeans' concerns by including them in our missile defense system or helping them build their own. But such an amalgamation would be more capable against Russia and thus more likely to stiffen its resistance to change in the ABM; it could also increase the chance Russia would respond in ways that would reduce strategic stability -- for example by retaining multiple-warhead ICBMs it has agreed to eliminate.

Of course no other country can ever have a veto over decisions we must take to protect our national security. But in making that judgment, we must understand that the basic logic of the ABM has not been repealed -- that if either side has a defensive system the other believes can neutralize its offensive capabilities, mutual deterrence is undermined and the world is a less safe place.

Then there is China. It is suggested that we can work this out with China by at least implicitly giving it a "green light" to build up its ICBM arsenal to levels that would not be threatened by our national missile defense.

This strategy fails to take into account the dynamic it could unleash in Asia: Would China's missile buildup stimulate advocates of nuclear weapons in Japan? How would India view this "separate peace" between the United States and China? What effect would that have on Pakistan and the Koreans?

Will we be more secure as Americans with a missile defense system or less secure? It is not a question that answers itself. But it is a question that requires answers.

TO GET DEFENSE RIGHT, BUSH MUST RETHINK THE MISSION

By Matthew Miller
Tribune Media Services

It's too soon to know if President Bush's "top-to-bottom" defense review is being staged merely to rationalize big spending hikes. But if he and his team seize this chance to rethink the military's outdated mission, they'll find ways both to save money and to better protect the nation.

Few Americans are aware that official U.S. doctrine requires us to be able to fight two major regional wars at the same time — not in defense of U.S. soil, but to protect U.S. interests abroad.

Planners further assume that we react late, lose allied territory and have to win it back with a major offensive — all without allied help and with relatively few casualties. Think North Korea rolling south and Saddam moving against his neighbors while he reckons we're preoccupied.

When you take the "requirement" for swift victory in two big wars and toss in the vague vogue for peacekeeping efforts, experts agree today's budget looks skimpy. "You want forward engagement and no casualties, that equals big dollars," one Pentagon official told me. The "gap" could come to \$20 to \$60 billion a year, depending on whose numbers you believe.

The question that hasn't been asked, however, even after three major Pentagon reviews in the 1990s, is whether this continued focus on two-wars-plus-peacekeeping diverts energy and money from graver dangers.

"We are misconstruing the real threat," says John Steinbruner of the Brookings Institution. "It's not a large-scale attack, but disintegration in places like Russia." Others cite terrorism, including the threat of rogue missile attacks with biological or chemical weapons.

In the halls of the Pentagon, meanwhile, officers believe it's not a matter of whether we'll have a "cyber Pearl Harbor," but when, and how much economic output will be lost while, say, AT&T and MCI's networks go down for a few weeks.

The "no casualty" rule only deepens our strategic confusion. It's imposed not by the military (who see risk as part of their profession) but by political leaders who know the fights we're picking these days are not causes for which Americans want Americans to die.

The result is a perverse cycle of higher costs (for "standoff" weapons like cruise missiles or ever-more untouchable warplanes) and lower thresholds for U.S. intervention (since such casualty-minimizing weapons make the political cost of action seem low). We send cruise missiles against Bin Laden instead of commandos that would arguably be more effective; we destroy Serbia's economy through awesome air power because — well, because we can.

Whiz-bang weaponry lets presidents define U.S. interests in ways Americans almost surely wouldn't support if body bags forced them to consider the question. Is this really sustainable or desirable?

What seems undeniable is that both political parties have committed the last \$100 billion of our \$290 billion defense budget to a very expensive insurance policy, plus imperial reach. Where's Ike when we need him? Eisenhower warned of the military-industrial complex and knew a president without military credentials couldn't stand up to the brass.

Bill Clinton meant the worst of both worlds: a lost decade for military reform, plus a deceptively costless legacy of hegemony without U.S. blood. Our adversaries won't give us this luxury forever. Our armed forces can't endure the pace of operations without relief. Our citizens deserve an honest debate, if Bush has the guts to give us one.

Do Americans really want to spend an extra \$100 billion a year for Bosnia and Kosovo, or to be "ready" to save Taiwan and Seoul, or to fight Russia in Europe? Especially when other threats seem more pressing? Such heresies wrongly draw the sobriquet "isolationist," for even if we spent \$40 billion less, as Lawrence Korb of the Council on Foreign Relations argues, we could have cold warrior Richard Nixon's force and still spend more than every other military power in the world combined.

The stakes for Bush's defense review, therefore, couldn't be higher.

"Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed."

Who said that? Ralph Nader, or some similarly fainthearted pinko who doesn't understand the price of world leadership?

No. It was Ike.